

## MT PSC 5% Reduction and Agency Impact

The PSC has determined that several categories within operating expenditures as well as personal services would be affected by a 5% decrease in overall funding.

Because the majority of PSC operating budget is for fixed costs or costs not easily reduced such as publishing legal notices, which are required by statute, some of the spending reduction will need to be taken from personal services.

Personal services would be decreased by \$53,208. This is equal to one FTE depending on salary level. Because the PSC usually has low turnover, we may need to be lay off a staff person, furlough all staff, or not hire an existing opening (if available). Because we are a small agency with just 34 staff, losing one FTE or having all staff reduce hours would increase employee workloads and their use of compensatory time, and require the agency to re-prioritize its activities, which would likely mean assigning lower priority to cases and projects that are not subject to statutorily-mandated timelines.

Consultant: of the operating expenditure categories, the one with the highest dollar amount is contracted services. The PSC has used consultants to assist us with completing worthwhile projects. Recent examples include: hiring outside expert witnesses in a 2006-07 PSC investigation to analyze Qwest's use of Universal Service Funds in Montana; the upgrade of the audio and visual system in the PSC's main conference room, allowing public access over the internet to PSC meetings; and hiring computer consultants to work with our internal computer staff on the preliminary work required to accommodate our online e-filing system. This system allows the public to view and download documents filed or issued in utility dockets and allows interested parties to receive automatic emailed notices when incoming or outgoing documents are posted on the PSC website.

Dues: dues for the National Association of Regulatory Utility Commissions (NARUC) and the National Regulatory Research Institute (NRRI) will be completely eliminated. NARUC provides state commissions with training, continuing education on regulatory trends and actions, and the opportunity to work on and learn about regulatory issues with commissioners and staff from other states. NRRI is a major educational resource for state commissioners and staff.

Reimbursable travel: sometimes when commissioners and staff travel, their costs are reimbursed by a third party. Examples are NARUC or the Organization of MISO States (OMS). Even though the travel costs are reimbursed back to the state, accounting policy requires those costs to go against an agency's budget. The cash that is received back is used to reduce the PSC fee on utilities in the next year.

Commissioner out of state travel: most commissioners travel out of state to regulation- related conferences and training. While some travel needs to be available for NARUC's new commissioner specialized training in Michigan, there is not likely to be funding available for other regulatory types of travel.

Subscriptions: Some of the Commission's subscriptions are for legal and regulatory publications are not readily available elsewhere. For example, *Public Utility Reports* is not available in the

Montana State Law Library. Lack of access to *Public Utility Reports* may lead to less thoroughly researched and supportable legal advice and Commission decisions. Other subscriptions, particularly subscriptions to *Lexis* for the Commission's attorneys, allow the attorneys to operate efficiently and competently. Cancellation of the *Lexis* subscriptions will require attorneys to spend significant time out of the office, result in additional exempt compensatory time, and lead to delay. Similarly, the PSC subscribes to several periodicals on regulatory issues that help staff to keep up with regulatory issues.

Training: continued training on complex regulatory issues is essential for commissioners and professional staff (attorneys, rate analysts, and engineers). A reduced training budget will reduce commissioners' and staff members' ability to maintain and increase their level of knowledge which will adversely affect the decision-making process.

Meetings/conference fees: with the reduction in travel to out of state conferences, conference fees will automatically decrease.